

AMENDED IN ASSEMBLY JUNE 16, 2005

AMENDED IN SENATE JUNE 1, 2005

AMENDED IN SENATE MARCH 30, 2005

SENATE BILL

No. 770

Introduced by Senator Romero
(Coauthors: Senators Aanestad, Figueroa, and Kuehl)

February 22, 2005

An act to amend Section 14043.26 of the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 770, as amended, Romero. Medi-Cal: provider enrollment.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law requires a Medi-Cal provider applicant that is not currently enrolled in the Medi-Cal program, or a provider required to apply for continued enrollment, in certain circumstances, to submit a complete application package for enrollment, continuing enrollment, or enrollment at a new location or a change in location. Applicants or providers that meet certain criteria may be granted preferred provider status for up to 18 months.

This bill would provide that a physician enrolled and in good standing in the Medi-Cal program who is changing locations within the same county is eligible to continue enrollment at the new location by filing a change of location form, which would be developed by the department, in lieu of submitting a complete application package. This bill would require the department to provide notice upon receipt of a form under this provision.

This bill would also provide for the ~~automatic~~ *expedited* enrollment in the Medi-Cal program of any physician and surgeon licensed by the Medical Board of California or osteopathic physician and surgeon licensed by the Osteopathic Medical Board of California, who meets specified conditions and submits a short form application that would be developed by the department. *The bill would grant an applicant under these circumstances provisional provider status for 12 months, after which the provider would receive permanent provider status.*

Existing law requires the department to provide notice within various timeframes upon receipt of applications pursuant to these provisions or from the date of notifying an applicant or provider that he or she does not qualify as a preferred provider.

This bill would reduce the timeframes within which the department is required to provide notice under these provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14043.26 of the Welfare and
- 2 Institutions Code is amended to read:
- 3 14043.26. (a) (1) On and after January 1, 2004, an applicant
- 4 that is not currently enrolled in the Medi-Cal program, or a
- 5 provider applying for continued enrollment, upon written
- 6 notification from the department that enrollment for continued
- 7 participation of all providers in a specific provider of service
- 8 category or subgroup of that category to which the provider
- 9 belongs will occur, or, except as provided in subdivision (b), a
- 10 provider not currently enrolled at a location where the provider
- 11 intends to provide services, goods, supplies, or merchandise to a
- 12 Medi-Cal beneficiary, shall submit a complete application
- 13 package for enrollment, continuing enrollment, or enrollment at a
- 14 new location or a change in location.
- 15 (2) Clinics licensed by the department pursuant to Chapter 1
- 16 (commencing with Section 1200) of Division 2 of the Health and
- 17 Safety Code and certified by the department to participate in the
- 18 Medi-Cal program shall not be subject to this section.
- 19 (3) Health facilities licensed by the department pursuant to
- 20 Chapter 2 (commencing with Section 1250) of Division 2 of the
- 21 Health and Safety Code and certified by the department to

1 participate in the Medi-Cal program shall not be subject to this
2 section.

3 (4) Adult day health care providers licensed pursuant to
4 Chapter 3.3 (commencing with Section 1570) of Division 2 of
5 the Health and Safety Code and certified by the department to
6 participate in the Medi-Cal program shall not be subject to this
7 section.

8 (5) Home health agencies licensed pursuant to Chapter 8
9 (commencing with Section 1725) of Division 2 of the Health and
10 Safety Code and certified by the department to participate in the
11 Medi-Cal program shall not be subject to this section.

12 (6) Hospices licensed pursuant to Chapter 8.5 (commencing
13 with Section 1745) of Division 2 of the Health and Safety Code
14 and certified by the department to participate in the Medi-Cal
15 program shall not be subject to this section.

16 (b) A physician enrolled and in good standing in the Medi-Cal
17 program who is changing locations within the same county shall
18 be eligible to continue enrollment at the new location by filing a
19 change of location form to be developed by the department.
20 Filing this form shall be in lieu of submitting a complete
21 application package pursuant to subdivision (a).

22 (c) Within 15 days after receiving an application package
23 submitted pursuant to subdivision (a), the department shall
24 provide written notice that the application package has been
25 received and, if applicable, that there is a moratorium on the
26 enrollment of providers in the specific provider of service
27 category or subgroup of the category to which the applicant or
28 provider belongs. This moratorium shall bar further processing of
29 the application package.

30 (d) Within 15 days after receiving a change of location form
31 pursuant to subdivision (b), the department shall provide written
32 notice that the form is sufficient and the applicant or provider
33 may continue to use his or her provider number or that the
34 applicant or provider does not meet the criteria listed in
35 subdivision (b) and must file a complete application package
36 pursuant to subdivision (a).

37 (e) (1) If the applicant package submitted pursuant to
38 subdivision (a) is from an applicant or provider who meets the
39 criteria listed in paragraph (2), the applicant or provider shall be
40 considered a preferred provider and shall be granted preferred

1 provisional provider status pursuant to this section and for a
2 period of no longer than 18 months, effective from the date on
3 the notice from the department. The ability to request
4 consideration as a preferred provider and the criteria necessary
5 for the consideration shall be publicized to all applicants and
6 providers. An applicant or provider who desires consideration as
7 a preferred provider pursuant to this subdivision shall request
8 consideration from the department by making a notation to that
9 effect on the application package, by cover letter, or by other
10 means identified by the department in a provider bulletin.
11 Request for consideration as a preferred provider shall be made
12 with each application package submitted in order for the
13 department to grant the consideration. An applicant or provider
14 who requests consideration as a preferred provider shall be
15 notified within 60 days whether the applicant or provider meets
16 or does not meet the criteria listed in paragraph (2). If an
17 applicant or provider is notified that the applicant or provider
18 does not meet the criteria for a preferred provider, the application
19 package submitted shall be processed in accordance with the
20 remainder of this section.

21 (2) To be considered a preferred provider, the applicant or
22 provider shall meet all of the following criteria:

23 (A) Hold a current license as a physician and surgeon issued
24 by the Medical Board of California or the Osteopathic Medical
25 Board of California, which license shall not have been revoked,
26 whether stayed or not, suspended, placed on probation, or subject
27 to other limitation.

28 (B) Be a current faculty member of a teaching hospital or a
29 children's hospital, as defined in Section 10727, accredited by
30 the Joint Commission for Accreditation of Healthcare
31 Organizations or the American Osteopathic Association, or be
32 credentialed by a health care service plan that is licensed under
33 the Knox-Keene Health Care Service Plan Act of 1975 (Chapter
34 2.2 (commencing with Section 1340) of Division 2 of the Health
35 and Safety Code) or county organized health system, or be a
36 current member in good standing of a group that is credentialed
37 by a health care service plan that is licensed under the
38 Knox-Keene Act.

39 (C) Have full, current, unrevoked, and unsuspended privileges
40 at a Joint Commission for Accreditation of Healthcare

1 Organizations or American Osteopathic Association accredited
2 general acute care hospital.

3 (D) Not have any adverse entries in the Healthcare Integrity
4 and Protection Databank.

5 (3) The department may recognize other providers as
6 qualifying as preferred providers if criteria similar to those set
7 forth in paragraph (2) are identified for the other providers. The
8 department shall consult with interested parties and appropriate
9 stakeholders to identify similar criteria for other providers so that
10 they may be considered as preferred providers.

11 (f) (1) If a Medi-Cal applicant meets the criteria listed in
12 ~~paragraph (2), the department shall grant to the applicant a~~
13 ~~provider number upon the submission of a short form application~~
14 *paragraph (2), the applicant shall be enrolled in the Medi-Cal*
15 *program after submission and review of a short form application*
16 to be developed by the department. The department shall notify
17 the applicant that the department has received the application
18 within 15 days of receipt of the application. The department shall
19 issue the applicant a provider number or notify the applicant that
20 the applicant does meet the criteria listed in paragraph (2) within
21 30 days of receipt of the application.

22 (2) Notwithstanding any other provision of law, any applicant
23 or provider who meets all of the following criteria shall be
24 eligible for ~~automatic~~ enrollment in the Medi-Cal program
25 pursuant to this subdivision, *after submission and review of a*
26 *short form application:*

27 (A) The provider meets either of the following requirements:

28 (i) ~~Is enrolled~~ *Has enrolled within the past three years, is in*
29 *good standing in, and has submitted proof of participation in, the*
30 *federal Medicare Program and has submitted proof of*
31 *participation in the Medicare Program.*

32 (ii) The provider's practice is based in a general acute care
33 hospital or a rural general acute care hospital as defined in
34 subdivision (b) of Section 1250 of the Health and Safety Code.

35 (B) Holds a current, unrevoked, or unsuspended license as a
36 physician and surgeon issued by the Medical Board of California
37 or the Osteopathic Medical Board of California. An applicant or
38 provider shall not be in compliance with this subparagraph if a
39 license revocation has been stayed, the licensee has been placed
40 on probation, or the license is subject to any other limitation.

1 (C) Does not have an adverse entry in the Healthcare Integrity
2 and Protection Databank.

3 (3) *An applicant shall be granted provisional provider status*
4 *under this subdivision for a period of 12 months, after which the*
5 *provider shall receive permanent provider status.*

6 (g) Within 90 days after receiving an application package
7 submitted pursuant to subdivision (a), or from the date of the
8 notice to an applicant or provider that the applicant or provider
9 does not qualify as a preferred provider under subdivision (e) or
10 an ~~automatic~~ *expedited* enrollee under subdivision (f), the
11 department shall give written notice to the applicant or provider
12 that any of the following applies, or shall on the 91st day grant
13 the applicant or provider provisional provider status pursuant to
14 this section for a period no longer than 12 months, effective from
15 the 91st day or until the application review is completed:

16 (1) The applicant or provider is being granted provisional
17 provider status for a period of 12 months, effective from the date
18 on the notice.

19 (2) The application package is incomplete. The notice shall
20 identify any additional information or documentation that is
21 needed to complete the application package.

22 (3) The department is exercising its authority under Section
23 14043.37, 14043.4, or 14043.7, and is conducting background
24 checks, preenrollment inspections, or unannounced visits.

25 (4) The application package is denied for any of the following
26 reasons:

27 (A) Pursuant to Section 14043.2 or 14043.36.

28 (B) For lack of a license necessary to perform the health care
29 services or to provide the goods, supplies, or merchandise
30 directly or indirectly to a Medi-Cal beneficiary, within the
31 applicable provider of service category or subgroup of that
32 category.

33 (C) The period of time during which an applicant or provider
34 has been barred from reapplying has not passed.

35 (D) For other stated reasons authorized by law.

36 (h) (1) If the application package that was noticed as
37 incomplete under subdivision (g) is resubmitted with all
38 requested information and documentation, and received by the
39 department within 35 days of the date on the notice, the

1 department shall, within 60 days of the resubmission, send a
2 notice that any of the following applies:

3 (A) The applicant or provider is being granted provisional
4 provider status for a period of 12 months, effective from the date
5 on the notice.

6 (B) The application package is denied for any other reasons
7 provided for in paragraph (4) of subdivision (g).

8 (C) The department is exercising its authority under Section
9 14043.37, 14043.4, or 14043.7 to conduct background checks,
10 preenrollment inspections, or unannounced visits.

11 (2) (A) If the application package that was noticed as
12 incomplete under paragraph (2) of subdivision (g) is not
13 resubmitted with all requested information and documentation
14 and received by the department within 35 days of the date on the
15 notice, the application package shall be denied by operation of
16 law. The applicant or provider may reapply by submitting a new
17 application package that shall be reviewed de novo.

18 (B) If the failure to resubmit is by a provider applying for
19 continued enrollment, the failure shall make the provider also
20 subject to deactivation of all provider numbers used by the
21 provider to obtain reimbursement from the Medi-Cal program.

22 (C) Notwithstanding subparagraph (A), if the notice of an
23 incomplete application package included a request for
24 information or documentation related to grounds for denial under
25 Section 14043.2 or 14043.36, the applicant or provider may not
26 reapply for enrollment or continued enrollment in the Medi-Cal
27 program or for participation in any health care program
28 administered by the department or its agents or contractors for a
29 period of three years.

30 (i) (1) If the department exercises its authority under Section
31 14043.37, 14043.4, or 14043.7 to conduct background checks,
32 preenrollment inspections, or unannounced visits, the applicant
33 or provider shall receive notice, from the department, after the
34 conclusion of the background check, preenrollment inspections,
35 or unannounced visit of either of the following:

36 (A) The applicant or provider is granted provisional provider
37 status for a period of 12 months, effective from the date on the
38 notice.

1 (B) Discrepancies or failure to meet program requirements, as
2 prescribed by the department, have been found to exist during the
3 preenrollment period.

4 (2) (A) The notice shall identify the discrepancies or failures,
5 and whether remediation can be made or not, and if so, the time
6 period within which remediation must be accomplished. Failure
7 to remediate discrepancies and failures as prescribed by the
8 department, or notification that remediation is not available, shall
9 result in denial of the application by operation of law. The
10 applicant or provider may reapply by submitting a new
11 application package that shall be reviewed de novo.

12 (B) If the failure to remediate is by a provider applying for
13 continued enrollment, the failure shall make the provider also
14 subject to deactivation of all provider numbers used by the
15 provider to obtain reimbursement from the Medi-Cal program.

16 (C) Notwithstanding subparagraph (A), if the discrepancies or
17 failure to meet program requirements, as prescribed by the
18 director, included in the notice were related to grounds for denial
19 under Section 14043.2 or 14043.36, the applicant or provider
20 may not reapply for three years.

21 (j) If provisional provider status or preferred provisional
22 provider status is granted pursuant to this section, a separate
23 provider number shall be issued for each location for which an
24 application package has been approved. This separate provider
25 number shall be used exclusively for the location for which it is
26 issued, unless the practice of the provider's profession or
27 delivery of services, goods, supplies, or merchandise is such that
28 services, goods, supplies, or merchandise are rendered or
29 delivered at locations other than the provider's business address
30 and this practice or delivery of services, goods, supplies, or
31 merchandise has been disclosed in the application package
32 approved by the department when the provisional provider status
33 or preferred provisional provider status was granted.

34 (k) Except for providers subject to subdivision (c) of Section
35 14043.47, a provider currently enrolled in the Medi-Cal program
36 at one or more locations who has submitted an application
37 package for enrollment at a new location or a change in location
38 pursuant to subdivision (a) or filed a change of location form
39 pursuant to subdivision (b) may continue to submit claims under
40 an existing provider number for services rendered at the new

1 location until the application package or change of location form
2 is approved or denied under this section, and shall not be subject,
3 during that period, to deactivation of the provider's provider
4 number, or be subject to any delay or nonpayment of claims as a
5 result of the use of the existing provider number for services
6 rendered at the new location as herein authorized. However, the
7 provider shall be considered during that period to have been
8 granted provisional provider status or preferred provisional
9 provider status and be subject to termination of that status
10 pursuant to Section 14043.27. A provider that is subject to
11 subdivision (c) of Section 14043.47 may come within the scope
12 of this subdivision upon submitting documentation in the
13 application package that identifies the physician providing
14 supervision for every three locations.

15 (l) An applicant or a provider whose application for
16 enrollment, continued enrollment, or a new location or change in
17 location has been denied pursuant to this section, may appeal the
18 denial in accordance with Section 14043.65.